

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2035-01
Bill No.: HB 858
Subject: Animal Care Facilities Act
Type: Original
Date: March 7, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Animal Care Reserve	\$80,385 to Unknown	\$115,255 to Unknown	\$109,967 to Unknown
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	\$80,385 to Unknown*	\$115,255 to Unknown*	\$109,967 to Unknown*

* Unknown because this does not include gifts, grants, contributions, etc. as they are indeterminable

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** and the **Office of State Courts Administrator** assume the proposed legislation would have no fiscal impact on their agencies.

In response to similar legislation (SB 511), officials from the **Office of Prosecution Services** assume the proposed legislation would have no fiscal impact on their agency.

Officials from the **Office of Administration - Division of Budget and Planning** assume the proposed legislation should not result in additional costs or savings to their agency. Officials noted that there would be impact on total state revenue.

Officials from the **Office of State Public Defender** (SPD) assume the proposed legislation would have minimal impact on their agency. Officials assume that existing staff could provide representation for those cases arising where indigent persons were charged with operating an animal care facility without a license or fraudulently obtaining a license to operate or providing false registration information - Class A misdemeanors. However, passage of more than one similar bill would require the SPD System to request increased appropriations to cover the cumulative cost of representing the indigent accused in the additional cases.

Officials from the **Department of Health** (DOH) assume the proposed legislation would not be expected to significantly impact the operations of the department. However, if the proposal were to substantially impact the DOH programs, then the department would request funding through the appropriations process.

Officials from the **Department of Corrections** assume the impact of this proposal would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of Secretary of State** assume the proposed legislation revises the Animal Care Facilities Act. The State Veterinarian or his/her licensing authority will promulgate rules to implement this bill. Based on experience with other divisions, the rules, regulations and forms issued by the State Veterinarian or his/her licensing authority could require as many as 16 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the *Code* because cost statements, fiscal notes and the like are not repeated in the *Code*. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. Therefore, the estimated costs for FY 02 are \$984. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Agriculture** (AGR) assume the proposed legislation raises the per capita fee for some facilities and removes the maximum license fee on other facilities currently licensed by the ACFA program. Using numbers of facilities licensed in the categories of commercial breeders, dealers, pet shops and hobby/show licensed as of February 2, 2001, and adding the "Animal distributors premises" under the proposed language to facilities that need to be licensed, the new licensing fees reflect an increase of \$320,745 for the Animal Care Reserve Fund. In reviewing the department's past records, history shows a consistent number of participants and funds. For this reason officials will project FY 2003 and FY 2004 fees to be the total collection of fees from the proposed legislation as reported in FY 2002.

There were 988 commercial breeders (CB's) licensed. With the current fee structure, CB's paid \$156,414.50. Under the proposed legislation, CB's would pay \$215,166. A net gain with the proposed fee language of \$58,752, an average increase of \$59 for each CB to be licensed under the new proposal. There are 176 CB's still needing to license and the department assumes that the \$59 average increase would also apply to these facilities. The total number of CB's to be licensed would be 1,164 making the total increase for CB's to be \$68,676. The average license for CB's will go from \$158 to \$216 with the proposed legislation.

There are 65 dealers (DL's) licensed. With the current fee structure, DL's paid \$25,182. Under the proposed legislation, DL's would pay \$158,361. A net gain of \$133,179 with the proposed fee language, an average increase of \$2,048 for each DL to be licensed under the new proposal. There are 18 DL's still needing to license and the department assumes that the \$2,048 average increase would also apply to these facilities. The total number of DL's to be licensed would be 83 making the total increase for DL's to be \$169,984. The average license for DL's would go from \$387 to \$2,435 with the proposed legislation.

There are 53 pet shops licensed. With the current fee structure, pet shops paid \$14,845. Under the proposed legislation, pet shops would pay \$20,223. A net gain of \$5,378 with the proposed fee language, an average increase of \$101 for each pet shop to be licensed under the new proposal. There are 13 pet shops still needing to license. The total number of pet shops to be licensed would be 66 making the total increase for pet shops to be \$6,666. There are 18 hobby/show licensed. With the current fee structure, hobby/show paid \$2,119. Under the proposed legislation, hobby/show would pay \$2,438. A net gain of \$319 with the proposed fee language, an average increase of \$18 for each hobby/show.

ASSUMPTION (continued)

There are 77 boarding kennels licensed. With the current fee structure, boarding kennels (BK's) paid \$26,349.70. Under the proposed legislation, boarding kennels would pay \$62,027. A net gain of \$52,432 with the proposed fee language, an average increase of \$464 for each BK to be licensed under the new proposal. There are 36 BK's still needing to license and the department assumes that the \$464 average increase would also apply to these facilities. The total number of BK's to be licensed would be 113 making the total increase for BK's to be \$52,432. The average license for BK's would go from \$342.21 to \$806 with the proposed legislation.

There are 7 pet sitters (PS's) licensed. With the current fee structure, PS's paid \$1,244.20. Under the proposed legislation, PS's would pay \$1,591. A net gain with the proposed fee language of \$347, an average increase of \$50 for each PS to be licensed under the new proposal. The total increase for PS's would be \$350. The average license for PS's will go from \$177.74 to \$227.29 with the proposed legislation.

There are 31 contract kennels (CK's) licensed. With the current fee structure, CK's paid \$9,716. Under the proposed legislation, CK's would pay \$14,016. A net gain with the proposed fee language of \$4,300, an average increase of \$108.71 for each CK to be licensed. There are 17 facilities still needing to license and the department assumes that the \$108.71 would also apply to these facilities. The total number of CK's would be 48 making the total increase to be \$5,218. The average license for CK's will go from \$177.74 to \$227.29.

Along with these four categories, the proposed legislation includes "Animal distributor premises" to be licensed. Currently these facilities are not licensed nor pay a per capita. Assuming that there is one premise in each county of Missouri (114) there would be 114 new facilities licensed at \$100 each and assuming that each facility handles 50 animals, these 114 new facilities would generate \$17,100 in licensing fees.

The AGR has requested five new FTE's. These five FTE's would check records, investigate complaints and enforce regulations along with added responsibilities from the proposed legislation. With the proposed legislation including the "Animal distributor premises" to be licensed, it would require two FTE's to monitor the license holder and the activity on these premises. The proposed legislation is requiring the licensing authority to investigate the facility no sooner than thirty days after and no later than ninety days after the revocation, denial or non-renewal to verify that there is no evidence of activity. This would require one additional FTE because it would take more time to determine if any activity is taking place than an average inspection. Also, the proposed legislation is asking to increase the frequency of inspections for repeated violations. To increase the number of inspections and the time involved it would take two FTE's to handle the increase.

ASSUMPTION (continued)

Oversight assumes that in the proposed legislation the licensing authority is allowed to assess an administrative penalty for violations. This proposal allows the penalties collected to be credited to the Animal Care Reserve Fund instead of to the General Revenue Fund. Oversight assumes the effect of this change is unknown.

In addition, **Oversight** has reflected unknown income for the Animal Care Reserve Fund as per the proposal, such fund may receive "gifts, grants, contributions, appropriations and funds or benefits".

Oversight notes that under certain circumstances the licensing authority shall issue written reports to local law enforcement authorities. Oversight also notes that ACFA compliance officials are to report certain information to the local law enforcement authority and local animal control authority. The proposal also indicates that the licensing authority is to cooperate with local law enforcement authorities in seeking prosecution pursuant to sections 578.005 to 578.023. Oversight assumes that any costs related to such language in the proposal relating to counties/cities could be absorbed with existing resources, therefore has reflected a fiscal impact of \$0 to local government.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
ANIMAL CARE RESERVE FUND			
<u>Income</u> - Department of Agriculture			
Increased Fees	\$320,745	\$320,745	\$320,745
Gift, Grants, Contributions, etc.	Unknown	Unknown	Unknown
Penalties Assessed	Unknown	Unknown	Unknown
Total <u>Income</u>	\$320,745 to Unknown	\$320,745 to Unknown	\$320,745 to Unknown
<u>Cost</u> - Department of Agriculture			
Personal Service (5 FTE)	(\$106,805)	(\$131,370)	(\$134,654)
Fringe Benefits	(\$35,598)	(\$43,786)	(\$44,880)
Expense and Equipment	<u>(\$97,957)</u>	<u>(\$30,334)</u>	<u>(\$31,244)</u>
Total <u>Cost</u>	(\$240,360)	(\$205,490)	(\$210,778)
Estimated Net Effect on ANIMAL CARE RESERVE FUND	<u>\$80,385 to Unknown</u>	<u>\$115,255 to Unknown</u>	<u>\$109,967 to Unknown</u>

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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GENERAL REVENUE FUND

<u>Loss - Department of Agriculture</u> Penalties Assessed	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Those small businesses in the animal industry as addressed in this proposal would be impacted as a result of this proposal.

DESCRIPTION

The proposed legislation revises the provisions of the Animal Care Facilities Act. Adequate water must be clean, fresh, unfrozen, potable and supplied in a sanitary manner. Continuous water shall be supplied if the ambient temperature is more than 85 degrees. Persons who operate an animal distributor premises or auction, or act as an intermediate handler are added to the list of persons required to obtain a license. The fee for the license is changed to \$100 plus a per capita fee of \$1 per animal handled at the facility.

Duties assigned to the Director of the Department of Agriculture are transferred to the licensing authority who is the state veterinarian. The authority of the licensing authority to refuse to issue or renew or revoke a license is expanded. Application for a license will be deemed to be consent to right of entry and inspection by the licensing authority. The licensing authority must do an inspection when a complaint is received unless it is determined that there have been multiple unsubstantiated complaints. Persons who intentionally fail or refuse to perform an inspection are subject to suspension or dismissal. The licensing authority is given authority to promulgate rules regarding inspections of facilities. Animal care facilities act compliance officials are required to report all violations, provide a copy to the facility and maintain a record. Conflicts of interest are clearly defined and employees who have a conflict of interest may not act and another qualified person must be appointed to perform the act. A person who has a conflict of interest may not

DESCRIPTION (continued)

administer the Animal Care Facilities Act Program. The authority of the licensing authority to deal with violations is expanded.

Compliance officials shall report animal abuse or neglect to local law enforcement authorities and the local animal control authority. The licensing authority will publish a quarterly listing of enforcement activity. Animal shelters, pounds and dog pounds will not be subject to reinspection fees. Persons who intentionally provide false information on the registration form will be guilty of a Class A misdemeanor. Animals with infectious diseases must be reported to the State Department of Health. The advisory committee is expanded to 17 people. The Animal Care Reserve Fund is enabled to accept gifts, grants, contributions, appropriations and funds and a complete listing of donors and amounts given will be available for review.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. However, officials from the AGR noted that the commercial breeders and dealers that are mentioned in this proposal are also licensed with the USDA/REAC program of the federal government.

SOURCES OF INFORMATION

Department of Agriculture
Department of Corrections
Department of Health
Office of Administration - Division of Budget and Planning
Office of Prosecution Services
Office of Secretary of State
Office of State Courts Administrator
Office of State Public Defender
Office of State Treasurer



Jeanne Jarrett, CPA
Director

March 7, 2001